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Cook County Recorder

29.00

File Number 5991-795-1

State of Illinois Office of The Secretary of State

Whereas, APPLICATION FOR CERTIFICATE OF AUTHORITY TO TRANSACT
BUSINESS IN THIS STATE OF

WPS ENERGY SERVICES, INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF WISCONSIN HAS BEEN
FILED IN THE OFFICE OF THE SECRETARY OF STATE AS PROVIDED BY THE
BUSINESS CORPORATION ACT OF ILLINOIS, IN FORCE JULY 1, A.D. 1984.

Now Therefore, I, George H. Ryan, Secretary of State of the State of
Illinois, by virtue of the powers vested in me by law, do hereby issue
this certificate and attach hereto a copy of the Application of the
aforesaid corporation.

In Testimony Whereof, I hereto set my hand and cause to be
affixed the Great Seal of the State of Illinois,
at the City of Springfield, this 24TH
day of APRIL A.D. 19 98 and of
the Independence of the United States the two
hundred and 22ND .



C-212.2

BOX 170

George H Ryan
Secretary of State

Form **BCA-13.15**

(Rev. Jan. 1995)

APPLICATION FOR CERTIFICATE
OF AUTHORITY TO
TRANSACTION BUSINESS IN ILLINOISAttachment
Page 2 of 4

98362135

SUBMIT IN DUPLICATE

George H. Ryan
Secretary of State
Department of Business Services
Springfield, IL 62756
Telephone (217) 782-1834

This space for use by Secretary of State

FILED

APR 24 1998

GEORGE H. RYAN
SECRETARY OF STATEThis space for use by
Secretary of State

Date

4-24-98

License Fee

\$

Franchise Tax

\$ 1928.

Filing Fee

\$ 75.

Penalties

\$

Approved: *[Signature]*

2003.9.

1. (a) CORPORATE NAME: WPS Energy Services, Inc. ✓

(Complete item 1 (b) only if the corporate name is not available in this state.)

(b) ASSUMED CORPORATE NAME: _____

(By electing this assumed name, the corporation hereby agrees NOT to use its corporate name in the transaction of business in Illinois. Form BCA 4.15 is attached.)

2. (a) State or Country of Incorporation: Wisconsin ✓(b) Date of Incorporation: October 12, 1994 ✓(c) Period of Duration: Perpetual3. (a) Address of the principal office, wherever located: (b) Address of principal office in Illinois:
(if none, so state)700 North Adams Street3 Westbrook Center - Suite 550Green Bay, WI 54301Westchester, IL 60154

4. Name and address of the registered agent and registered office in Illinois.

Registered Agent C T CORPORATION SYSTEM

First Name

Middle Name

Last Name

Registered Office c/o C T CORPORATION SYSTEM, 208 S. LaSalle Street

Number

Street

Suite #

Chicago60604Cook

City

Zip Code

County

5. States and countries in which it is admitted or qualified to transact business: (Include state of incorporation)

Wisconsin, California, Michigan, New Jersey, Ohio, Pennsylvania, West Virginia

6. Names and residential addresses of officers and directors:

Name No. & Street

President See attached listSecretary See attached listDirector See attached listDirector See attached listDirector See attached list**EXPEDITED**

APR 24 1998

SECRETARY OF STATE

Form BCA-13.15
Application for Certificate
of Authority to
Transact Business in Illinois

WPS Energy Services, Inc.

6. Names and residential addresses of officers and directors:

OFFICERS

<u>Title</u>	<u>Name</u>	<u>No. & Street</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
President & CEO	Phillip M. Mikulsky	2759 Otto Ct.	Green Bay	WI	54313
Vice President	Darrell W. Bragg	20 Meadow Wood Dr,	Granville	OH	43023
Vice President	Mark A. Radtke	2648 Vonda Dr.	Green Bay	WI	54311
Vice President	Larry L. Weyers	939 Urbandale	DePere	WI	54115
Secretary	Francis J. Kicsar	1249 Reed St.	Green Bay	WI	54303
Treasurer	Ralph G. Baeten	1612 St. Christopher Ct.	Green Bay	WI	54304

DIRECTORS

<u>Name</u>	<u>No. & Street</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
Ralph G. Baeten	1612 St. Christopher Ct.	Green Bay	WI	54304
Daniel P. Bittner	3535 Bay Highlands Cir.	Green Bay	WI	54311
Phillip M. Mikulsky	2759 Otto ct.	Green Bay	WI	54313
Patrick D. Schrickel	3410 Nicolet Dr.	Green Bay	WI	54311
Larry L. Weyers	939 Urbandale	DePere	WI	54115

BOX 170

Form BCA-13.15
Application for Certificate
of Authority to
Transact Business in Illinois

WPS Energy Services, Inc.

11. Interrogatories:

- (a) Office or offices to which all contracts with the corporation are forwarded for final acceptance:

677 Baeten Road, Green Bay, WI 54304

- (b) Number of shares of all classes owned by residents of Illinois:

None

- ✓ (c) Number of shares of all classes owned by non-residents of Illinois:

1,000

- (d) Is the corporation transacting business in this state at this time?

Yes

- (e) If the answer to item 1 l(d) is yes, state the exact date on which it commenced to transact business in Illinois:

March 27, 1998

BOX 173



3 Westbrook Corporate Center, Suite 550
Westchester, IL 60154
Telephone: 708-449-4100
Fax: 708-449-4122

February 17, 2000

ILLINOIS POWER
ATTN: Ms. Debbie Furman
RES Services
500 south 27th Street
Decatur, IL 62525-2522

Dear Ms. Furman:

WPS Energy Services Inc. (WPS-ESI) will apply to the Illinois Commerce Commission (ICC) for certification to become an Alternative Retail Electric Supplier in the state of Illinois on February 18, 2000. In compliance with the requirements established by the ICC, let this letter serve as notification of WPS-ESI's intent to serve eligible electric retail customers within your service territory.

WPS-ESI is headquartered in Green Bay, Wisconsin and has regional offices in Westchester, Illinois, Port Huron, Michigan, Traverse City, Michigan and Columbus, Ohio, where it does business as FSG Energy Services. WPS-ESI's Federal Identification Number is 39-1802356, Dunn & Bradstreet Identification Number 84-173-9824 and Illinois State Tax Identification Number 2919-6981 TLV. We will forward the Docket Number and/or Certification Number as soon as it is assigned by the ICC.

Sincerely,

A handwritten signature in black ink that reads "Kirsten Young". The signature is written in a cursive, flowing style.

Kirsten Young
Regional Director, Marketing
Kyoung@wpsenergy.com



3 Westbrook Corporate Center, Suite 550
Westchester, IL 60154
Telephone: 708-449-4100
Fax: 708-449-4122

February 17, 2000

COMMONWEALTH EDISON
ATTN: Ms. **Charlene** McLaughlin
2100 Swift Dr.
Oakbrook, IL 60521

Dear Ms. McLaughlin:

WPS Energy Services Inc. (WPS-ESI) will apply to the Illinois Commerce Commission (ICC) for certification to become an Alternative Retail Electric Supplier in the state of Illinois on February 18, 2000. In compliance with the requirements established by the ICC, let this letter serve as notification of WPS-ESI's intent to serve eligible electric retail customers within your service territory.

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Kirsten Young
Regional Director, Marketing
Kyoung@wpsenergy.com



3 Westbrook Corporate Center, Suite 550
Westchester, IL 60154
Telephone: 708-449-4100
Fax: 708-449-4122

February 17, 2000

MIDAMERICAN ENERGY

Attn: Bill Walz

1 River Center Place
106 East 2nd Street
Davenport, IA 52801

Dear Mr. Walz:

WPS Energy Services Inc. (WPS-ESI) will apply to the Illinois Commerce Commission (ICC) for certification to become an Alternative Retail Electric Supplier in the state of Illinois on February 18, 2000. In compliance **with the** requirements established by the ICC, let this letter serve as notification of WPS-ESI's intent to **serve** eligible electric retail customers within your service territory.

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Regional Director, Marketing
Kyoung@wpsenergy.com



3 Westbrook Corporate Center, Suite 550
Westchester, IL 60154
Telephone: 708-449-4100
Fax: 708-449-4122

February 17, 2000

AmerenCIPS

ATTN: Mr. Robert J. Mill
607 East Adams Street
Springfield, IL 62701

Dear Mr. Mill:

WPS Energy Services Inc. (WPS-ESI) will apply to the Illinois Commerce Commission (ICC) for certification to become an Alternative Retail Electric Supplier in the state of Illinois on **February 18, 2000**. In compliance with the requirements established by the ICC, let this letter **serve** as notification of WPS-ESI's intent to serve eligible electric retail customers within **your** service territory.

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Regional Director, Marketing
Kyoung@wpsenergy.com



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Westchester, IL 60154
Telephone: 708-449-4100
Fax: 708-449-4122

February 17, 2000

MT. CARMEL PUBLIC UTILITY

Ms. Margaret Cotner,
Secretary of Treasury
P.O. Box 220
Mt. Cannel, IL 62863

Dear Ms. Cotner:

WPS Energy Services Inc. (WPS-ESI) will apply to the Illinois Commerce Commission (ICC) for certification to become an Alternative Retail Electric Supplier in the state of Illinois on February 18, 2000. In compliance with the requirements established by the ICC, let this letter serve as notification of WPS-ESI's intent to serve eligible electric retail customers within your service territory.

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Regional Director, Marketing
Kyoung@wpsenergy.com



3 Westbrook Corporate Center, Suite 550
Westchester, IL 60154
Telephone: 708-449-4100
Fax: 708-449-4122

February 17, 2000

ALLIANT ENERGY
ATTN: Gene Reuter
200 First Street, SE
P.O. Box 351
Cedar Rapids, IA 52406-0351

Dear Mr. Reuter:

WPS Energy Services Inc. (WPS-ESI) will apply to the Illinois Commerce Commission (ICC) for certification to become **an** Alternative Retail Electric Supplier **in the** state of Illinois on **February 18, 2000**. In compliance with the requirements established by **the** ICC, let this letter serve as notification of WPS-ESI's intent to **serve** eligible electric retail customers within your service territory.

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Kirsten Young
Regional Director, Marketing
Kyoung@wpsenergy.com



3 Westbrook Corporate Center, Suite 550
Westchester, IL 60154
Telephone: 708-449-4100
Fax: 708-449-4122

February 17, 2000

CENTRAL ILLINOIS LIGHT COMPANY

ATTN: Ms. Cheryl Reynolds
300 Liberty Street
Peoria, IL 61602

Dear Ms. Reynolds:

WPS Energy Services Inc. (WPS-ESI) will apply to the Illinois Commerce Commission (ICC) for certification to become an Alternative Retail Electric Supplier in the state of Illinois on **February** 18, 2000. In compliance with the requirements established by the ICC, let this letter serve as notification of WPS-ESI's intent to serve eligible electric retail customers within your service territory.

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Sincerely,

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Kirsten Young
Regional Director, Marketing
Kyoung@wpsenergy.com



3 Westbrook Corporate Center, Suite 550
Westchester, IL 60154
Telephone: 708-449-4100
Fax: 708-449-4122

February 17, 2000

AmerenUE

ATTN: Ms. Maureen Borkowski
P.O. Box 66149
MC333
St. Louis, MO 63166-6149

Dear Ms. Borkowski:

WPS Energy Services, Inc. (WPS-ESI) will apply to the Illinois Commerce Commission (ICC) for certification to become an Alternative Retail Electric Supplier in the state of Illinois. In compliance with the requirements established by the ICC, let this letter serve as notification of WPS-ESI's intent to serve eligible electric retail customers within your service territory.

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Kirsten Young
Regional Director, Marketing
Kyoung@wpsenergy.com

Reciprocity – Certification of Compliance with Section 16-115(d)(5)

This attachment provides the basis for WPS-ESI's certification that it complies with the requirements of Section 16-115(d)(5) of Act 220. This compliance is based on the fact that electric power and energy can not be “physically and economically delivered” to the service areas of WPS-ESI utility affiliates.

BACKGROUND

Section 16-115(d)(5) describes the reciprocal service that must be provided in the case where the applicant, its corporate affiliate, or its principal source of electricity owns or controls electric transmission or distribution facilities. For WPS-ESI the relevant case involves corporate affiliates. As previously stated in the application, Wisconsin Public Service Corporation (WPSC) and Upper Peninsula Power Company (UPPCO) are affiliates of WPS-ESI. Each of these companies owns and controls electric transmission and distribution facilities for public use and for delivery of electricity to end-use customers in a defined geographic region.

Although these affiliates have been and will continue to be strong advocates of retail electric competition and customer choice at their respective legislatures and utility commissions, neither of their electric service territories are open at the time of this application. The State of Wisconsin is focusing on the infrastructure needed to support a reliable competitive market, and has required utilities to file tariffs by March 1, 2000,

that allow large customers to respond to market price signals and risks WPSC is working with the customers and the PSCW to design these tariffs to allow customers to buy their interruptible portion of capacity and energy from the market, through the utility, during peak periods of the summer of 2000. These steps are important ones towards open access for retail customers. Michigan has begun a phase-in plan that will achieve full open access by 1/1/2002. WPSC and UPPCO, along with other small utilities in Michigan, are proposing to open their areas at the same time but without a phase-in during the first two years since their system loads are small. Although the MPSC has been focused on Detroit Edison and Consumers Power to date, WPSC and UPPCO could voluntarily open their service areas when the commission is ready to address their cases. It is this difference between the status of deregulation in Illinois and the status in Wisconsin and Michigan that raises potential reciprocity issues for WPS-ESI.

As we understand the intent of restructuring legislation addressing these issues (Section 16-115(d)(5)), utilities that have opened their service areas to competition in Illinois should be assured of having comparable rights to compete in the service areas controlled by utility affiliates of the ARES applicant. This right “to compete” applies to areas where “electric power and energy can be physically and economically delivered” by the Illinois companies. The primary basis for WPS-ESI’s certification that it complies with this reciprocity requirement is that power and energy can not be “economically delivered” by utilities in Illinois to retail customers in the service areas of WPS-ESI’s

utility affiliates, In addition, until significant upgrades are made to the Illinois-Wisconsin transmission interface, WPS-ESI believes power and energy can not be “physically delivered” from Illinois to the WPSC and UPPCO retail customers. Details describing these conditions are provided below.

ECONOMICAL DELIVERY

To determine if Illinois utilities can economically deliver power and energy to retail customers in the WPSC and UPPCO service areas, the utility rates in these areas must be compared to total electric supply and delivery costs of serving these customers from an Illinois energy source. Because Section 16-115(d)(5) does not suggest a comparison method or definition of economic delivery, WPS-ESI has developed three optional methods for making the above comparison. These comparison options include the following:

- A. Power Purchase Option (PPO) Comparison
- B. Market Index Comparison
- C. Incremental Cost Comparison

Comparison “B” uses a market index based supply option as a mid-range comparison to the high and low range set by the supply options in the other two comparisons, as will be described later in this attachment. The basic components of each comparison are as follows:

- . Costs of producing or purchasing power and energy in Illinois
 - Wheeling over the alternate transmission paths from Illinois to WPSC (e.g. CE-WE and CE-ALTE)
- . Delivery through the WPSC transmission and distribution system to end-users
 - Total system losses

The total of these costs for the Illinois option can be compared to the retail customer rate that most fairly and appropriately represents equivalent costs. Since WPS-ESI is applying to serve customers 1 MW and greater, comparisons will be made for this customer class only.

For purposes of making these comparisons and judging competitiveness in the service areas of WPS-ESI's utility affiliates, Commonwealth Edison (CE) provides the best comparison option for Illinois utilities. Even though other Illinois utilities may have lower supply costs, the CE option represents the most competitive option when additional wheeling costs to move power further through Illinois and into Wisconsin are considered. Delivery service and power supply tariffs filed by each Illinois utility support this conclusion. The most reasonable WPS-ESI affiliate to compare the CE option to is WPSC for two reasons. First, two additional wheeling charges are needed to get to UPPCO, WPS-ESI's other utility affiliate, from Illinois. Secondly, the transmission

system to upper Michigan simply does not allow for firm imports to the UPPCO service area from Wisconsin due to physical constraints on the system.

The details of comparisons “A”, “B”, and “C” are described below. WPS-ESI believes the results of these comparisons demonstrate that no Illinois utility can economically deliver power and energy in the service areas of WPS-ESI’s utility affiliates. Therefore, WPS-ESI has demonstrated that it is in compliance with the reciprocity requirements of 16-I 15(d)(5).

A. Power Purchase Option Comparison

In this first comparison, the cost basis for supply that CE delivers to the WPSC service area is the market price of power and energy that CE can charge its customers who choose to purchase supply from the utility. This price is obtained from CE’s Rider PPO and is the Load Weighted Average Market Value (LWAMV) rate, which reflects adjustments for the characteristics of CE’s system and customers. This is the price at which CE can sell its freed-up generation to customers in its service area, and as such, it is a reasonable proxy for the price of generation that can be sold in Wisconsin. An around-the-clock average of the market price of firm power and energy is represented by this price. It is assumed that the system average load factor for large industrial customers on the WPSC system is roughly equivalent to that on the CE system. For

purposes of calculating capacity, distribution, and transmission charges, 80% is assumed.

The above power and energy components along with delivery components listed on page 3 represent the total price an industrial customer of WPSC would see if they were to be served by CE from Illinois. This total can be compared to the total electric rate WPSC industrial customers pay, 32.1 \$/MWh, based on rates approved in 1999. As Table I shows, the CE option is 39-44%, higher than rates charged by WPSC, depending on the approved transmission path. This comparison demonstrates that Illinois companies can not competitively or economically serve industrial loads in WPSC service areas.

Table I – Power Purchase Option Comparison		
	\$/MWh	Notes
Power and Energy	30.7	From CE PPO Rider, LWAMV calculation for customers over 1,000 kw demand
Transmission to WPSC	3.2-4.7	CE-WE path, CE-ALTE path, firm point-to-point, 80% load factor
WPSC delivery	6.6	T&D delivery charges, system average load factor. from Docket No. 6690-UR-111
Sub-Total	40.5-42.0	
CE Total with Losses	44.6-46.2	Total system losses @ 10%
WPSC Average Industrial Rate	32.1 \$/MWh	Docket No. 6690-UR-111
CE as % of WPSC = 139-144%		

B. Market Index Comparison

The above comparison used PPO tariffs from CE as a cost basis for power and energy, This second comparison uses market index prices to determine the price of power and energy that CE could deliver to WPSC. As a licensed wholesale energy marketer, WPS-ESI is often searching the electric markets in the Midwest for supply and price information. A commonly used source for power and energy information in the industry is Power Markets Week (PMW). A weekly index price for on-peak financially firm energy and off-peak energy is published by PMW for the Corn Ed Hub and MAIN. Using the 1999 annual average of the weekly peak index for the ComEd Hub and a MAIN average of off-peak prices, an average market price for power and energy can be calculated. Off-peak figures are not listed at the Corn Ed Hub which is why MAIN averages are substituted. To dampen the effects of severe price spikes during the last week of July and provide a conservatively low average index for 1999, the price for this week can be replaced with the average of each week before and after the price spike. The resulting average market price for power and energy is 23.7 \$/MWh. Assuming the capacity portion of these index prices mirrors the marginal cost of peaking capacity, approximately \$5/kw-mo at 100% load factor, this market price is 25.4 \$/MWh at an average industrial load factor of 80%. WPS-ESI believes this price is a fair representation of Illinois supply costs and is a mid-range alternative comparison to the supply costs used in Table I.

Table II outlines the total costs of serving customers in the WPSC service area using the above supply option and shows that CE's delivered cost is 20-26% higher than what the customer pays with WPSC. With this source of supply as well as the one in Table I, CE can not reasonably and economically deliver power and energy from Illinois to the service area of WPS-ESI's utility affiliates.

Table II – Market Index Comparison		
	\$/MWh	Notes
Power and Energy	25.4	1999 average of weekly index from CE hub, source is Power Markets Week, financially firm energy, 80% load factor
Transmission to WPSC	3.2-4.7	CE-WE path, CE-ALTE path, firm point-to-point, 80% load factor
WPSC delivery	6.6	T&D delivery charges, system average load factor, Docket No. 6690-UR-111
Sub-Total	35.2-36.7	
Total with Losses	38.7-40.4	Total system losses @ 10%
WPSC Average Industrial Rate	32.1 \$/MWh	Docket No. 6690-UR-111
CE as % of WPSC = 120426%		

C. Incremental Cost Comparison

This third case provides the most conservatively low estimate for CE and the lowest price option for power and energy. It uses an energy rate that represents a simple system-wide annual average of on and off peak generation on the CE system. CE's Rider 4 tariff for Parallel Operation of Customer Generating Facilities is a source for this

rate. When a \$5/kw-mo marginal cost of capacity is added to the energy rate in this tariff at 80% load factor, the resultant power and energy price is 19.9 \$/MWh. This is the same capacity charge referred to in B – Market Index Comparison.

To make a fair and equivalent comparison to these CE costs, the system average for WPSC's generation and the same CT based marginal cost of capacity must be used to set the WPSC rate. WPSC's generation buy-back rate is based on avoided costs, including marginal energy, which has a greater similarity to market based energy. This buy-back rate does not reflect the average costs of WPSC generation and does not therefore, make for a reasonable comparison to CE's Rider 4 prices,

As Table III shows, this comparison results in CE prices exceeding WPSC by 3-8%. While numerically this comparison provides CE with the best opportunity of the three comparisons to serve retail customers in WPSC territory, a product based on this comparison is not economically marketable. The Rider 4 supply costs represent the lowest possible energy price available in CE territory since it is based on average utility generation made up of nuclear units and off-take contracts from units that were sold. This generation is required to serve CE's anticipated remaining native load and does not represent the marginal cost of serving additional load such as retail load in Wisconsin. Market prices are much better proxies for these marginal costs. In addition, it does not make reasonable economic sense to sell energy on a firm long term basis to

other markets at a price that is less than 20 \$/MWh, when it can be sold under the PPO Rider for over 30 \$/MWh. To overcome the delivery costs associated with selling into Wisconsin, even this low rate would need to be subsidized by CE customers or shareholders to be competitive.

Table III – Incremental Cost Comparison		
	\$/MWh	Notes
Power and Energy	19.9	CE Rider 4, simple system average of on and off peak energy, plus marginal cost of capacity (\$5/kw-mo) at 86% load factor
Transmission to WPSC	3.2-4.7	CE-WE path, CE-ALTE path, firm pt-pt., 80% load factor
WPSC Delivery	6.6	T&D delivery charges, system average load factor, Docket No. 6690-UR-111
Sub-Total	29.7-31.2	
Total with Losses	32.7-34.3	Total system losses of 10%
WPSC with equivalent power and energy cost	31.7\$/mwh	WPSC simple system average of on and off peak energy, plus equivalent marginal cost of capacity (\$5/kw-mo) at 80% L.F, plus T&D charge, plus system losses, Docket 6690-UR-111
CE as % of WPSC = 103-108%		

The comparisons between CE and WPSC show that CE and other Illinois utilities can not deliver power and energy to service areas of WPS-ESI's utility affiliates on a competitive basis because; (1) under the PPO Comparison CE's rate would be 39-44% higher than rates charged by WPSC; (2) under the Market Index Comparison CE's cost

would be 20-26% higher; and (3) under the Incremental Cost Comparison CE would exceed WPSC by 3-8% and need to offer a product that lacks sound economics.

PHYSICAL DELIVERY

In addition to the economic comparisons made above, WPS-ESI believes power and energy can not be physically delivered to the service areas of its utility affiliates until major upgrades to the Illinois - Wisconsin transmission systems are complete. CE is currently working on a 345 KV upgrade between Lockport and Lombard substations near Chicago. This upgrade is scheduled for completion by summer of 2001. Until it is completed, the system between Illinois and northeast Wisconsin will be highly constrained and will not allow reasonable physical transfer of power and energy to serve firm retail loads on a year round basis. Once the line is completed and factored into MAIN power transfer calculations, the physical capability will need to be reevaluated. South to north transfer capability will improve between Illinois and Wisconsin but some restrictions will continue due to loop flows on the system. The annual re-certification process required of an ARES applicant will allow for future review of all the factors effecting access, including physical capability, as they relate to WPS-ESI's reciprocity compliance.

Today the northeastern Wisconsin and Upper Peninsula of Michigan electric markets are highly constrained. WPSC has historically imported 15% of its firm electric needs,

These imports have come predominately from economical generating sources to the west and north over a single 345 KV line into Wisconsin. Loop flows also occur from the south over a 345 KV network connecting Illinois and Wisconsin with approximately 50% of these transactions flowing over each path. Transactions from an Illinois generation source would also create loop flows with about 15% of the load flowing over the western interface. Constraints on these systems lead to firm Available Transfer Capability (ATC) ratings well below zero in summer peak months (June-August). ATC levels during winter peak months are higher than these summer figures but still only allow for a small portion of the Wisconsin market to be purchased from Illinois. Any new attempt by Illinois generation to serve firm wholesale requirements or retail load in WPSC or UPPCO territory will exacerbate the constraint problem over the western and southern interfaces until significant system upgrades are completed or existing transactions are cancelled. Table IV below shows the most recent calculations for summer 2000 firm ATC over several paths from Illinois companies to Wisconsin and WPSC. The results consider flows on both interfaces into northeastern Wisconsin and show that firm transmission service is over subscribed.

Table IV - Summer 2000 Transfer Capability - IL to WI (I)

Calculated Path	Firm ATC MW (2)
IP - Alliant East	-16
IP - WE	-944
IP - WPS (3)	n/a
CE - Alliant East	-260
CE - WE	-223
CE - WPS	-264

Notes:

1. Data from summer base case (fpx sum00 f) posted to OASIS 1 1/3/99, for peak Period June through August, source company to delivery point
2. ATC = Available Transfer Capability reflects physical capability of the system Less reservations, capacity benefit margins, and transmission reserve margins
3. This path is not a calculated ATC direction

WPS-ESI believes the existing transmission system does not allow Illinois companies to serve firm energy requirements of an open access retail market in northeast Wisconsin.

Due to the system constraints and generating capacity shortfalls that exist in northeastern Wisconsin, non-firm service from Illinois is also not a viable product since retail loads require high degrees of reliability. According to MAIN Historical Transmission Loading Relief data through 3rd quarter 1999, over 100 incidents of line loading relief were called that directly limited transactions on the southern and western interface with northeast Wisconsin. These relief calls prevent starting of any new non-firm transactions from Illinois to WPSC or UPPCO and cut any existing non-firm service

as firm service comes on. Retail customers generally can not take the risk of such frequent cuts in transmission service.

Summary

WPS-ESI complies with the reciprocity requirements of Section 16.115(d)(5) because electric power and energy can not be physically and/or economically delivered from Illinois to the service areas of its utility affiliates. The physically constrained transmission system has no new firm, and unreliable non-firm, delivery capability for at least the certification period applied for by WPS-ESI. The economics of producing or purchasing power and energy in Illinois and delivering it to WPSC or UPPCO retail customers do not allow Illinois companies to compete economically. Tables I and II show that the Illinois options exceed rates paid by WPSC industrial customers by 20-44%. Even if the lowest price system average power is sold to Wisconsin rather than to Illinois customers, total costs are still higher than the equivalent rates of WPSC as shown in Table III. Furthermore, the sale of this system average energy is not a good economic option for CE since it serves their native load requirements and can be sold as a PPO for a 50% higher price.

LICENSE OR PERMIT BOND

KNOW ALL MEN BY THESE PRESENTS:

THAT WE, WPS ENERGY SERVICES, INC., as Principal, and FIREMAN'S FUND INSURANCE COMPANY, a corporation duly incorporated under the laws of the State of California, and authorized to do business in the State of Illinois, as Surety, are held and firmly bound unto, the PEOPLE OF THE STATE OF ILLINOIS, in the penal sum of Thirty Thousand and no/100 (\$30,000.00) Dollars, for the payment of which we hereby bind ourselves, our heirs, executors and administrators, jointly and severally by these presents.

THE CONDITIONS OF THIS BOND ARE SUCH, that the said Principal has applied for an Alternative Retail Electric Supplier License in accordance with the requirements of the ordinance of said State of Illinois, and has agreed to hold said State of Illinois harmless from any damage by reason of their engaging in said business.

NOW, THEREFORE, if said Principal shall faithfully perform all the duties of Alternative Retail Electric Supplier License according to the requirements of the ordinance of said State of Illinois, and protect said State of Illinois from any damage as hereinbefore stated, then this obligation shall be null and void; otherwise to remain in full force and effect.

This bond may be terminated as to future acts of the Principal upon thirty (30) days written notice by the Surety; said notice to be sent to P. O. Box 19280, Springfield, IL 62794-9280, of the aforesaid State of Illinois, by certified mail.

Signed and sealed this 4th day of February, 2000.

WPS ENERGY SERVICES, INC.

By:


Principal

FIREMAN'S FUND INSURANCE
COMPANY

By:


Janice H. Fennell, Attorney-in-Fact

FIREMAN'S FUND INSURANCE COMPANY

NATIONAL SURETY CORPORATION
THE AMERICAN INSURANCE COMPANY

ASSOCIATED INDEMNITY CORPORATION
AMERICAN AUTOMOBILE INSURANCE COMPANY

GENERAL POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That FIREMAN'S FUND INSURANCE COMPANY, a California corporation, NATIONAL SURETY CORPORATION, an Illinois corporation, THE AMERICAN INSURANCE COMPANY, a New Jersey corporation redomesticated in Nebraska, ASSOCIATED INDEMNITY CORPORATION, a California corporation, and AMERICAN AUTOMOBILE INSURANCE COMPANY, a Missouri corporation, (herein collectively called "the Companies") does each hereby appoint Janice H. Fennell, Frank A. Word, Jr. and Richard C. Rose of Knoxville, TN.

their true and lawful Attorney(s)-in-Fact, with full power of authority hereby conferred in their name, place and stead, to execute, seal, acknowledge and deliver any and all bonds, undertakings, recognizances or other written obligations in the nature thereof

and to bind the Companies thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seals of the Companies and duly attested by the Companies' Secretary, hereby ratifying and confirming all that the said Attorney(s)-in-Fact may do in the premises.

This power of attorney is granted under and by the authority of Article VII of the By-laws of FIREMAN'S FUND INSURANCE COMPANY, NATIONAL SURETY CORPORATION, THE AMERICAN INSURANCE COMPANY, ASSOCIATED INDEMNITY CORPORATION and AMERICAN AUTOMOBILE INSURANCE COMPANY which provisions are now in full force and effect.

NATIONAL SURETY CORPORATION:

"ARTICLE VII. APPOINTMENT AND AUTHORITY OF RESIDENT SECRETARIES, ATTORNEYS-IN-FACT AND AGENTS TO ACCEPT LEGAL PROCESS AND MAKE APPEARANCES

44. Appointment. The Chairman of the Board of Directors, the President, any Vice President or any other person authorized by the Board of Directors, the Chairman of the Board of Directors, the President or any Vice President may, from time to time, appoint Resident Assistant Secretaries and Attorneys-in-Fact to represent and act for and on behalf of the Corporation and Agents to accept legal process and make appearances for and on behalf of the Corporation.

45. Authority. The authority of such Resident Assistant Secretaries, Attorneys-in-Fact and Agents shall be as prescribed in the instrument evidencing their appointment. Any such appointment and all authority granted thereby may be revoked at any time by the Board of Directors or by any person empowered to make such appointment."

FIREMAN'S FUND INSURANCE COMPANY, THE AMERICAN INSURANCE COMPANY, ASSOCIATED INDEMNITY CORPORATION AND AMERICAN AUTOMOBILE INSURANCE COMPANY:

"Article VII. Appointment and Authority of Resident Secretaries, Attorney-in-Fact and Agents to accept Legal Process and Make Appearances.

Section 45. Appointment. The Chairman of the Board of Directors, the President, any Vice President or any other person authorized by the Board of Directors, the Chairman of the Board of Directors, the President or any Vice President may, from time to time, appoint Resident Assistant Secretaries and Attorneys-in-Fact to represent and act for and on behalf of the Corporation and Agents to accept legal process and make appearances for and on behalf of the Corporation.

Section 46. Authority. The authority of such Resident Assistant Secretaries, Attorneys-in-Fact and Agents shall be as prescribed in the instrument evidencing their appointment. Any such appointment and all authority granted thereby may be revoked at any time by the Board of Directors or by any person empowered to make such appointment."

This power of attorney is signed and sealed under the authority of the following Resolution adopted by the Board of Directors of FIREMAN'S FUND INSURANCE COMPANY, NATIONAL SURETY CORPORATION, THE AMERICAN INSURANCE COMPANY, ASSOCIATED INDEMNITY CORPORATION and AMERICAN AUTOMOBILE INSURANCE COMPANY, a meeting duly called and held, or by written consent, on the 19th day of March, 1995, and said Resolution has not been amended or repealed:

"RESOLVED, that the signature of any Vice-President, Assistant Secretary, and Resident Assistant Secretary of the Companies, and the seal of the Companies may be affixed or printed on any power of attorney, on any revocation of any power of attorney, or on any certificate relating thereto, by facsimile, and any power or attorney, any revocation of any power of attorney, or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Companies."

IN WITNESS WHEREOF, the Companies have caused these presents to be signed by their Vice-President, and their corporate seals to be hereunto affixed this 19 day of July, 1999.



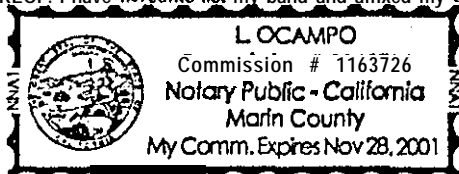
FIREMAN'S FUND INSURANCE COMPANY
NATIONAL SURETY CORPORATION
THE AMERICAN INSURANCE COMPANY
ASSOCIATED INDEMNITY CORPORATION
AMERICAN AUTOMOBILE INSURANCE COMPANY

By Harold N. Marsh
Vice-President

STATE OF CALIFORNIA } ss.
COUNTY OF MARIN

On this 19 day of July, 1999, before me personally came Harold N. Marsh to me known, who, being by me duly sworn, did depose and say: that he is a Vice-President of each company, described in and which executed the above instrument; that he knows the seals of the said Companies; that the seals affixed to the said instrument are such company seals; that they were so affixed by order of the Board of Directors of said companies and that he signed his name thereto by like order.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year herein first above written.



CERTIFICATE

Womym
Notary Public

STATE OF CALIFORNIA } ss.
COUNTY OF MARIN

I, the undersigned, Resident Assistant Secretary of each company, DO HEREBY CERTIFY that the foregoing and attached POWER OF ATTORNEY remains in full force and has not been revoked; and furthermore that Article VII of the By-laws of each company, and the Resolution of the Board of Directors; set forth in the Power of Attorney, are now in force.

Signed and sealed at the County of Marin, Dated the 4TH day of FEBRUARY, 2000.



Samuel M. Peterson

LOAN AGREEMENT

DATE: August **6, 1996**

LENDER: WPS Resources Corporation

BORROWER: WPS Energy Services, Inc.

AGGREGATE PRINCIPAL AMOUNT: **\$13,000,000**

In consideration of the mutual agreements herein contained, the above designated Lender ("Lender") and Borrower ("Borrower") agree as follows:

1. Lender hereby agrees to loan to Borrower funds not exceeding the **above-** designated aggregate principal amount for a term not exceeding 10 year(s) from the date hereof.
2. The loan shall be made in one or more advances as requested by the Borrower, provided that the minimum advance shall be \$ 100,000.
3. A term sheet substantially in the form attached hereto, as Exhibit A shall evidence each advance.
4. Each advance shall be repayable on such date within the term of this loan agreement as the Lender and Borrower may mutually determine.
5. Each advance shall bear interest on the unpaid principal amount thereof from the date of the advance to the date of repayment at an interest rate equal to the federal rate last previously published by this Internal Revenue Service for loans with a term comparable to that of such advance; interest on each advance shall be due and payable on the maturity date specified in the term sheet for such advance.
6. Borrower agrees to repay each advance with interest at the principal office of the Lender in Green Bay, Wisconsin on the maturity date specified in the term sheet for such advance.
7. All advances and payments hereunder shall be made in such cash or currency of the United States of America as at the time of advance or payment is legal tender for payment of public or private debts.

IN WITNESS WHEREOF Lender and Borrower have executed this Agreement
as of the date above written:

LENDER: WPS Petroleum Corporation

BY: [Signature]
TITLE: Treasurer

ATTEST: [Signature]
TITLE: Assistant Secretary and manager - legal services

BORROWER: WPS ENERGY SERVICES, INC.

BY: [Signature]
TITLE: Vice President

ATTEST: [Signature]
TITLE: Secretary

TERM SHEET
For advance pursuant
to Loan Agreement dated August 6, 1996,
Between Lender and Borrower.

DATE:
LENDER:
BORROWER:
PRINCIPAL AMOUNT OF **ADVANCE**:
MATURITY DATE:
INTEREST RATE: Prime

LENDER: _____

BY: _____

TITLE: _____

BORROWER: _____

BY: _____

TITLE: _____

25 Broadway
New York, NY 10004-1010
Tel 212 208 1651
Fax 212 208 8946

Curtis Moulton
Managing Director
Corporate Ratings

Attachment E
Page 4 of 6

Standard & Poor's

A Division of The McGraw-Hill Companies



December 14, 1995

Mr. Daniel P. Bittner
Senior Vice President - Finance
Wisconsin Public Service Corp.
700 North Adams Street
Green Bay, Wisconsin 54307-9001

Re: WPS RESOURCES CORPORATION
Commercial Paper

Dear Mr. Bittner:

Pursuant to your request for a rating on the above-captioned program, Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., has reviewed the information provided to us and has assigned the rating of "A-1+" to this program.

We will maintain continuous rating surveillance on the above-captioned program in accordance with Standard & Poor's policies. In order to maintain our rating surveillance, we must receive a completed short-term debt surveillance will form at the end of each quarter. u n d e r separate cover. The non-delivery of any of such information may result in the withdrawal of our rating. Standard & Poor's relies on the issuer and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating.

PLS

Mr. Daniel P. Bittner
Wisconsin Public Service Corp.
December 14, 1995

Page 2.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. You understand that Standard & Poor's **has** not consented to, and will not consent to, being named an "expert" under the federal securities laws, including without limitation, Section 7 of the Securities Act of 1933. In addition, it should be understood that the rating is not a "market" rating, that is, it is not a recommendation to buy, hold, or sell the securities. Standard & Poor's reserves the right to advise its own clients, subscribers, and the public of the rating.

We are pleased to have had the opportunity of being of service *to you*. If we can be of further help, please do not hesitate to call upon us.

Very truly yours,



Curtis Moulton
Managing Director

;mak

99 Church Street
New York, NY 10007

January 2, 1996

WPS Resources Corp.
Mr. Ralph Baeten
Treasurer
700 North Adams Street
Green Bay, WI 54307-9001

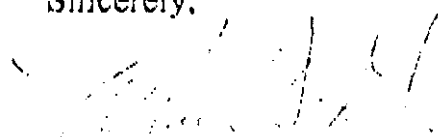
Dear Mr. Baeten:

This is to confirm that the following rating has been assigned by Moody's rating committee:

RATING:	P-1
ISSUER:	WPS Resources Corp.
ISSUE DESCRIPTION:	Commercial Paper

Should you have any questions regarding this, please do not hesitate to contact me at (212) 553-7879,

Sincerely,



Mark D. Garrahan
Manager - Client Relations

Backgrounds and Qualifications

Ms. Rikki Stanley-Lo/es. Vice President of Illinois Operations

Ms. Stanley-Lolles directs the company's activities related to the supply of gas to retail customers in the State of Illinois. She has over 20 years of natural gas industry experience, including seven years in a management capacity, and has been involved in energy trading, supply management and long term marketing in the Midwest.

Ms. Kirsten Young – Regional Director, Manager

Ms. Young works directly with retail gas customers in Illinois coordinating the various services offered by the company. She has over 5 years experience serving some of Illinois' largest industrial energy users

Mr. Phillip M. Mikulsky, Sr. VP Development WPS Resources. CEO WPS Energy Services

Mr. Mikulsky's current focus is on the development and deployment of the unregulated entities under the WPSR Holding Company. He has over 28 years of gas and electric experience, including 20 years in a management capacity, in both the regulated and unregulated energy markets. He has also had significant involvement with the Federal Energy Regulatory Commission, State Regulatory Commission and the MAIN and MAPP reliability regions.

Mr. Mark A. Radtke. President- WPS Energy Services

Mr. Radtke's current focus includes the unregulated energy markets and development of energy products that meet strategic and operational needs of customers. He has over 15 years of gas and electric industry experience, including three years in a management capacity, in supply, generation and transmission control, and development of hardware and software energy management products.

Mr. Daniel Verbanac. Vice President – WPS Energy Services

Mr. Verbanac is responsible for the wholesale electric and natural gas activities including supply, transportation, transactions and trading. He has over 2 years of energy trading experience.

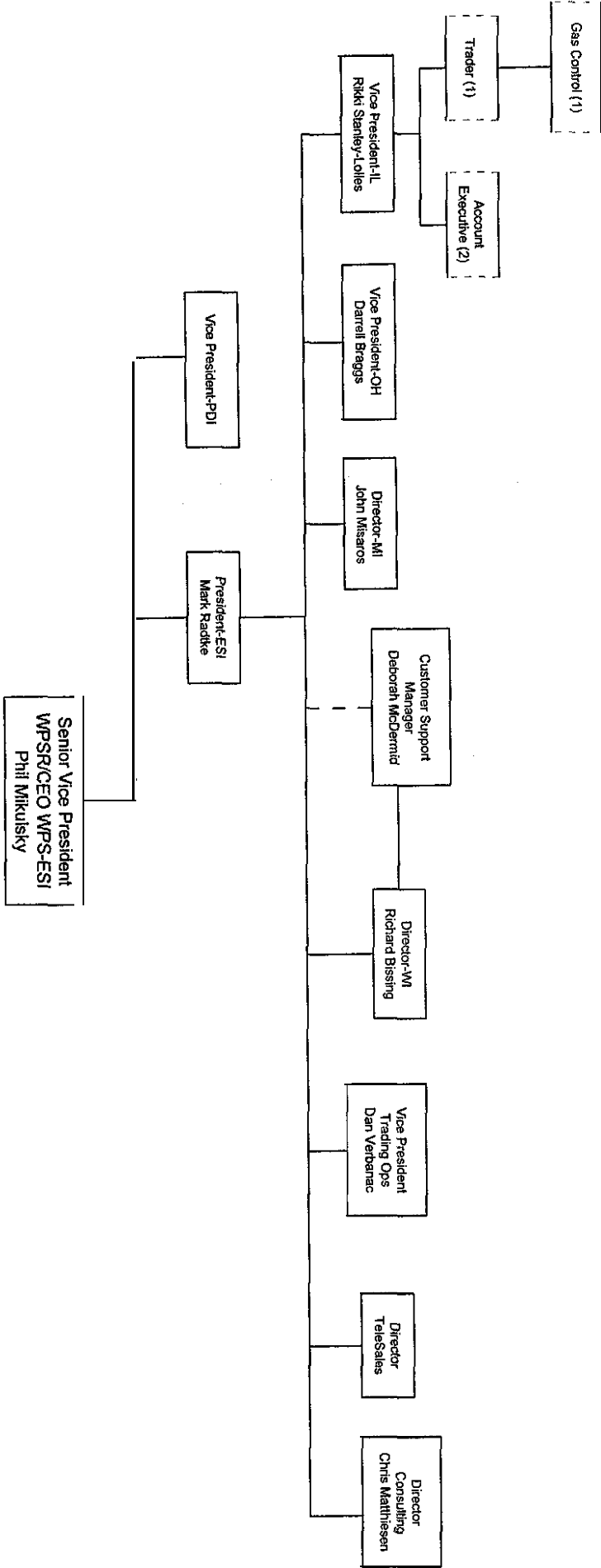
Mr. Chris Matthiesen, Director Electric Consulting

Mr. Matthiesen's duties include tariff and energy supply analysis and negotiation, strategy development and regulatory review. He has over 2 years of energy trading experience.

Mr. William Boerschinger. Power Trader

Mr. Boerschinger's duties include being responsible for wholesale capacity, energy and ancillary services transactions in the MAPP, MAIN, PJM and ECAR reliability regions. He has over 15 years of utility system operating experience.

WPS Energy Services Leadership Chart



Compliance with Section 451.130 - Managerial Qualifications

1. Phil Mikulsky
2. Mark Radtke
3. Rikki Stanley-Lolles